

Senate Select Committee on  
**MEDICAID REFORM**

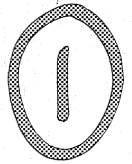
Lisa Carlton, Chair  
Jeffrey Atwater, Vice Chair

This packet contains written comments from the public received during the Medicaid Reform meeting held in *Panama City* on February 25, 2005.

All comments submitted have been included in their entirety for consideration by members of the Senate Select Committee on Medicaid Reform and the House Select Committee on Medicaid Reform.



*American Eldercare* Inc.



My name is George Rodriguez and I am with American Eldercare Inc.'s Nursing Home Diversion Program. As a care manager I have first-hand experience in providing relief to family members who were ready to give up and place their loved ones in a nursing home at a cost to the State of Florida of over \$50,000 per year. Instead my fellow care managers and I have been able to help them stay in their homes or an Assisted Living Facility for about \$2,000 per month.

I am one of the few speakers you will hear today who is not asking for more money. We are able to save the State 60% of the cost of nursing home placement and in fact are saving the State over \$200 million dollars this year.

You have heard from family members at other meetings conducted throughout the State of Florida, sharing their stories and the gratitude they have for the Nursing Home Diversion Program. I would like to have residents of Northwest Florida before you today. But unfortunately I can't. We are unable to have any family members at this meeting today, because our application to become a provider of The Nursing Home Diversion Program in Northwest Florida was denied by The Department of Elder Affairs because they don't have a Federal Wavier. The Department of Elder Affairs and Agency for Health care Administration have not even applied for this Federal wavier to serve the residents of Northwest Florida. We hope that this bureaucratic obstacle can be overcome this year, so we may serve the needy residents in Northwest Florida through The Nursing Home Diversion Program.



## ☞ Long Term Care ☞ Diversion Plan



## ☞ Specializing in ☞ Senior Health Care Needs

1080 Woodcock Rd., Suite 108  
Orlando, Florida 32803

1-866-914-7300  
407-898-9889

## Long Term Care Plan:

### Who are we?

We are a home health agency that provides services to our members in the most appropriate care setting. Our first goal is to keep you in your home and provide quality home health care and community based services to delay or avoid long term placement in a nursing facility. We offer care to meet your individual needs.

### What type of services are provided?

We will provide an array of services based on your personal needs, these may include:

#### CARE MANAGEMENT –

evaluation and coordination of services

#### HOME HEALTH CARE –

bath visits, homemaking, companion and respite care

#### ADULT DAY CARE –

caregiver support and respite care in an active, socialized setting

#### CONSUMABLE MEDICAL SUPPLIES –

incontinent supplies and nutritional supplements

#### HOME DELIVERED MEALS –

nutritious meals delivered to the home

#### EMERGENCY RESPONSE SYSTEM –

provides 24 hour access to emergency services

#### EYE GLASSES –

one pair every six months as needed

#### HEARING AIDS –

one every three years as needed

#### ASSISTED LIVING FACILITY –

provides 24 hour supervision, assistance, socialized peer interaction, dining and housekeeping services

#### COINSURANCE –

pays Medicare deductible and co-payments as per the Medicaid rate

#### PRESCRIPTIONS –

no co-payments for covered drugs prescribed by a physician

### How much does it cost?

This program is **FREE** for any one that meets the state eligibility requirements.

### Are you eligible?

Eligibility is determined by the Department of Elder Affairs and Department of Children and Families. Eligibility requirements include:

- ☞ Age 65 years or older
- ☞ Have Medicare parts A & B or a Medicare HMO
- ☞ Reside in a participating county
- ☞ Meet physical requirements as determined by the state
- ☞ Meet Florida financial requirements
- ☞ Must not be currently enrolled in a Hospice Program

*American Eldercare, Inc. works directly with the Department of Elder Affairs (DOEA) and the Agency for Health Care Administration (AHCA) to provide its members with long term care, and to coordinate the member's primary care through his/her Medicare plan.*



*For more information about  
The American Eldercare Plan  
call us at  
1-866-914-7300*

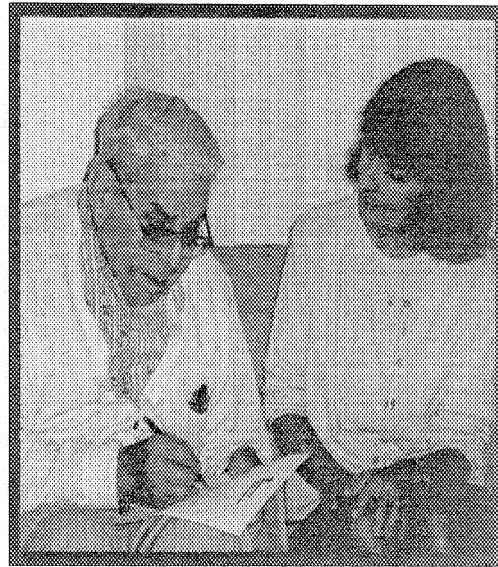


*To apply for  
American Eldercare Plan  
call the Department of Elder  
Affairs, Cares Unit at*

Orange County: 407-228-7700  
Seminole County: 407-228-7700  
Osceola County: 407-228-7700  
Brevard County: 321-690-6445  
Volusia County: 386-238-4946

## *Mission Statement*

Our mission is to provide comprehensive, effective, cost efficient health care and related services, through a community based program tailored to the individual. Within a warm and nurturing environment, we serve all people regardless of race, religion, or creed; with dignity and respect, and the right of self-determination. As an experienced organization with strengths in caring for people, we are dedicated to creating innovative models of care. We have a vision of applying our resources and energies toward improving the health and wellness of the elderly.



A Partnership   
Committed to Excellence

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February 25, 2005

Good afternoon, my name is Jay Glasgow. I am the President of the Family Council of Washington Rehabilitation and Nursing Center in Chipley, Florida, which is an excellent nursing home. My mother was a patient there for six years before her death at the age of 94. She received absolutely fantastic care while she was there. It was always a comfort for my family and myself to know that our mother was being taken care of when we were not there.

I am here today on behalf of the patients and families of this fine nursing home because we are very concerned about the plans to put HMO's in charge of nursing homes. We fear what will happen to the high quality of care the patients are receiving today.

We have seen the conditions in the nursing home improve dramatically since the additional staffing was put in place three years ago. If you decide to put an HMO in the mix, all you have done is add another layer of cost, and that means money intended for patient care will instead go into the HMO's pocket as profit.

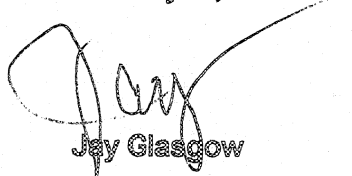
I read in the paper about how these HMO's are going to save the state money by encouraging healthy lifestyles. How do you plan to do that in a nursing home?

I'm in that nursing home almost every day. I have seen the dedication of the staff and the long hours they work. I have also seen the nursing home have to deal with budget cutbacks because it's Medicaid funding has been cut again and again.

Legislators, machines don't do the hard work of caring for our elderly, people do. When you cut nursing home funding, you cut people. And when you cut people, you cut the quality of care.

I pray you'll do the right thing for our elderly. They built our country and they deserve the best care we can provide.

Thank you,

  
Jay Glasgow

P.O. Box 63  
Wausau, Florida  
32463  
(850) 638-7454

MEDICAID REFORM  
REGIONAL PUBLIC HEARING, PANAMA CITY  
FEBRUARY 25, 2005

Good Morning!!

My name is Jeff Rock. I serve as the executive director for Azalea Trace, a continuing care retirement community located in Pensacola. Our community consists of 450 independent living residents, 40 assisted living residents and 100 health care center residents. Proudly, our retirement community is fully accredited by the Continuing Care Accreditation Commission. We are members of the Florida Association of Homes for the Aging and the American Association of Homes and Services for the Aging. I serve locally as a volunteer with the Council on Aging of West Florida, a home and community based provider of case management, adult day health care, meals on wheels and several other vital home based services to the elder citizens of Escambia County, Florida.

As I understand, the purpose of these hearings is for you to gather information from the providers and Medicaid recipients who may be affected by the proposed changes to Florida's Medicaid program and to collect innovative ideas on ways to reduce the rapid growth in Medicaid costs while continuing to provide needed services to Florida's elder and disabled. As a provider and as the nephew and responsible party of a Medicaid recipient in our health care center, I hope to be able to provide some value to you in the way of innovative ideas to reduce the rapid growth in Medicaid costs. The growth I believe will always be there given the attractiveness of our wonderful state, but how we pay for and control those rising costs, is the challenge that will always lie ahead.

There are ways to reduce costs in the Medicaid program. The pharmacy costs for long term care patients in Florida nursing homes is an area that seems to stand out as an opportunity for cost reductions. Not through further limiting the needed meds of a long term care patient, but by price considerations from the pharmaceutical companies.

Close poor performing nursing homes and continue or strengthen the moratorium on new beds. In my area during the past year and a half, 340 new beds have come on line and by the end of the year, another 120 will open. Fewer beds available results in greater efficiency in Medicaid spending, but in Northwest Florida or at least in Escambia County, we seem to have an excess of long-term care beds.

Managed care in Florida nursing homes may be worth exploring. Relative to a managed care system, the issues of consumer choice, quality of services and payment adequacy, certainly lead the way. We already have in place the mechanism for Care Management, which could become an extension of the current CARES program. (the Medicaid pre-admission approval program)

Consumer choice must address geographic proximity of a facility to a family and friends, quality of care provided by the facility and the religious and ethnic preferences of the consumer are important considerations. Payment adequacy, regardless of what system is in place to pay for long term care, must be adequate. Adequate could be defined as payment for the cost of services. To beat a dead horse would be to tell you again how many nursing homes in Florida are not reimbursed their costs. The system we currently have in place to facilitate the cost of providing long-term care, is in my opinion, not a bad system. It just needs to be fully funded. Currently the nursing home care portion of the state's budget is \$2.2 billion. According to the just released Agency for Health Care Administration study, with a more reasonable funding formula these costs would rise to just over \$2.4 billion. I can tell you that for our health care center the unreimbursed costs are in the neighborhood of \$300,000 annually. How do we make up the shortfall? We don't. However our private paying residents and the life-care residents of the Azalea Trace community, do in fact, and I hate to use this word, subsidize the shortfall through increased fee's.

How do we fund the Medicaid budget?? You've asked for innovative ideas. My thought is far from innovative, but a voluntary infusion of millions of dollars to the budget might come from a lottery; a new, additional distinct lottery. The prize is \$10 million a month, 12 months of the year, straight to the Medicaid budget. Our own lottery officials could run the speculative revenue numbers based on the huge success of our current lottery and the successful funding of education in our state. Education and health care would be two very smart and healthy recipients of additional revenues and they would be re-occurring.

If I really had another innovative idea, it would be to see a new tax; not the i word tax, but a .01 cents per gallon gasoline tax to fund this budget in it's entirety. Everyone could afford an additional .01 cents per gallon. Would it fund the Medicaid budget, I don't know. We have two issues; funding and the control of costs.

The rising cost of long-term care operations; not the least of which is liability insurance cost, salary and benefit costs, recruitment and retention costs and the ever present mission of quality, does not come inexpensively. Quality of service in a managed care environment should contain language addressing that quality providers must be recognized and rewarded in their contract negotiations and chronically poor performers will either improve or their doors should close permanently.

I cautiously support the idea of an MCO delivering our state's Medicaid nursing home budget dollars to the nursing home providers in Florida, as long as funding is adequate and the additional costs imposed by the management and administration of the MCO is not taken out of the service dollars now spent on service providers. Further, I support the involvement of an MCO and the Aging Resource Centers working with our home and community based service providers such as the Council on Aging of West Florida to provide vital in-home services enabling our citizens to remain in there own homes for as long as is practicable. Do these home and community based services save Medicaid nursing home dollars? I'm not so sure, but this is not the sole mission of home and community based providers. Their mission, as is ours at Azalea Trace, is to serve.

In closing and on behalf of my aunt, a Medicaid patient in our nursing home, Thank You for listening and be brave and innovative in your endeavor. My wife and I took my aunt to dinner the other night. While at the restaurant she said to us, "I never dreamt that my life could be so wonderful in a nursing home. I'm very well fed, I'm among friends, I'm safe, the employees are so kind, the volunteers ask me to help, I really am alive again for the first time in over three years".

## Testimony for Medicaid Reform for Senior Health Choices

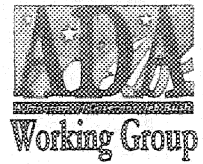
I am Beth Coulliette, speaking as the Executive Director of the Bay County Council on Aging & the President of FASP, the Florida Association of Aging Service Providers

1. Speaker Bense and Senate President Lee, we applaud your effort in taking the lead to address the *budget challenge* resulting from the increasing Medicaid program expenditures. I believe the *solution* begins with the concerns you personally share about the issue and your willingness to hear from those of us who have been living with these issues for a number of years.
2. We understand the financial restraints you face. We recognize the *increasing budget share of Medicaid costs calls for action to bring it under control, while remaining responsive to people's needs*. I would particularly like to address the *Senior Health Choices* area of the proposal from the Department of Health.
3. The solution must include partnerships with local communities and strengthening the local community networks that have a track record of responsive service, that managed care organizations and HMOs do not have. The Bay County Council on Aging as a part of the state *Lead Agency Service Provider Network has proven that it can be done*. For more than 20 years this *network* has been able to deliver quality and cost effective care management and *community based service*. As a Network, we annually add, statewide, more than *\$100 million local dollars to match and supplement state funding, along with many hours of service provided by more than 50,000 volunteers*. We represent the *most cost-effective approach of service delivery to the elderly that has been developed in Florida*. These resources will be lost if HMO's are allowed to take over the service currently provided by local agencies.
4. We want to *maintain the integrity of our mission as not-for-profit agencies by making a difference in people's lives*. We can *continue to bring significant value* to a partnership with the state in managing the care and delivery of services that *makes it possible for senior adults to stay at home and not in nursing homes*.
5. We believe the solution is not to create yet another pilot or initiative that is unproven. We know we can *continue to provide a creative approach that will enable our local Aging Service Network to play a vital role by contracting with the State to provide services in both urban and rural areas*.
6. A final suggestion, local counties now pay a cost of Medicaid nursing home share to the State (Bay County - \$409,212). It is our understanding that these payments go into a trust fund and not back into aging community-based services that will divert pre-mature nursing home placement. We would like you to redirect these funds back to the local community, where they are generated, thus saving many Medicaid dollars otherwise spent for nursing home care.

Thank you for your concern and commitment to this very important issue.



# FLORIDA DEPARTMENT OF MANAGEMENT SERVICES

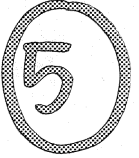


JEB BUSH  
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ROBERT H. HOSAY  
Interim-Secretary

## Medicaid Diversion Cost Containment Program

ADA Working Group Position Paper  
February 10, 2005



The Medicaid Diversion Cost Containment Program is a proposed method to divert potential new enrollees from utilizing Medicaid services. This is not a required program of the federal government. Florida is improving its efforts to divert people from nursing home level of care through various means. Unfortunately, Florida has overlooked a segment of people with a variety of disabilities who, most importantly, are currently gainfully working, living independently and paying taxes, etc. Most of Florida's efforts have been to improve the ability of people with disabilities to have meaningful participation in the development and planning of their services with varying degrees of informed choice and decision-making for existing consumers or those waiting for services.

The Medicaid Diversion Cost Containment Program is a proposal to provide minimal assistance to those who can no longer maintain all costs of their disability while living independently. A common scenario in Florida is illustrated below. Unfortunately, it is not an isolated case.

**Case Example:** Single, forty-five year old woman with disabilities who currently resides in Orlando. She works for one of Florida's leading entertainment parks and makes \$45,000 annually. She has a Masters Degree, uses a wheelchair, has no strength in her legs and limited arm usage; thus, she requires full time care because of her inability to transfer from bed to wheelchair, perform daily living tasks and toilet herself independently. The cost of maintaining her disability actually requires this successful, thriving woman to rely on family to make ends meet each month.

Specific costs to maintain her disability include: \$1,200 – 1,500 per month in personal care attendant services that are utilized at work, home and in her community; \$400 per month in student loans; maintenance of her service animal; maintenance of her electric wheelchair and other equipment that provides the maximum independence possible; special dietary needs that double the cost of regular food, and deductibles for physical therapy; and, van insurance for a modified van she drives herself. She also pays rent utilizing no subsidized housing program and has all the other typical cost of living expenses.

Linda Mills, Chairperson • Julie M. Shaw, Executive Director  
Americans with Disabilities Act Working Group • 4030 Esplanade Way, Suite 315, Tallahassee, Florida 32399-0950

Telephone: 850-467-3423 • Fax: 850-414-8908 • TTY/Toll Free: 877-232-4868  
[www.abilityforum.com](http://www.abilityforum.com)

She is receiving no assistance from the State of Florida while she pays Medicare, federal tax, and Social Security as an individual. She is double taxed by the federal government for the funds she uses to purchase her personal care attendant services. She pays federal tax on all earnings and then is taxed again on the same funds she uses to pay payroll tax for the employment of her personal care services.

The challenge is that she can no longer make all of the ends meet as her disability-related expenses. Specifically, her personal care attendant services continue to rise with other costs of living. She is at the point where she has to decide whether to give up living independently and pursuing her maximum potential in the community or QUIT HER JOB AND GO ON MEDICAID FOR ASSISTANCE WITH HER DISABILITY-RELATED NEEDS.

Unable to continue to go to work and make ends meet because of her unique disability-related expenses, this individual will have no choice but to go on Medicaid and other state/federal programs. In essence, she would eventually become 100 percent supported by state funding and federal funding.

The Medicaid Cost Containment Diversion Program establishes a method for the state to provide minimal financial assistance to people with disabilities who just need a little support to remain independent, working and a contributing tax payer.

The first step the legislature can take is to assure a Personal Care Attendant Program is available for Floridians like woman in the case sample provided. There are several different approaches the legislature may consider:

- The current pilot program created by Senator Wise allows uncollected tax dollars to be utilized, with the eventual goal of providing personal care attendant assistance to people with spinal cord injuries through the Brain and Spinal Cord Injury Waiver Program. This applies to those people who are fiscally eligible under the current system and who require state assistance for the provision of their care. To bring forth the full effectiveness of that project, the program needs to be expanded statewide this year and made available for all people with disabilities on state programs in need of personal care attendant assistance.
- To prevent those Floridians with disabilities who receive no assistance from the state from becoming Medicaid eligible, the state should consider some form of financial assistance. Assistance could be a reimbursement after the fact for personal care attendant costs at 50 percent cost, or a sliding scale assistance program to divert the individual from our Medicaid roles and contain the costs for the future, while the individual continues to work and pay taxes.
- The legislature may choose an income limit for the Medicaid Cost Containment Program, taking into consideration the various costs of maintaining disability independence. As long as the individual is doing well in their employment, with promotions, etc., the assistance should be temporary.

- To address the issue of the person with a disability being double taxed, when a person with a disability hires attendant care services the state should consider establishing a pretax attendant care expense program similar to the pretax program offered to employees under the state's benefit system. This would allow the person hiring attendant services to set aside those dollars prior to payroll taxing. The option of this type of service should be added to the current employee pretax program. The state should create a method to offer the same opportunity to people outside of state employment to avoid increasing unnecessary Medicaid program costs.

The goal of the ADA is to provide people with disabilities the opportunities to live as independent, productive members of society. The ADA requires that people with disabilities have services provided in the most inclusive setting possible, free from discrimination in employment, public services, public accommodations, and transportation. With appropriate supports and services, and the protections of the ADA, individuals with disabilities are productive, independent, tax-paying members of the community. Failing to provide the services necessary to promote independence and productivity is bad public policy, particularly when a better choice is available.

The Medicaid Diversion Cost Containment Program (MDCCP) will enable many individuals with disabilities to avoid Medicaid services. Every person who receives help under the MDCCP is one fewer person added to the Medicaid rolls. In the face of skyrocketing Medicaid costs, keeping people off Medicaid is good public policy.

Every person who receives help under the MDCCP is one fewer person added to the Medicaid rolls. The person with a disability would be able to pay their attendant a better wage, which in turn reduces the turnover in attendant care, resulting in a better quality of health and life. In the face of skyrocketing Medicaid costs, keeping people off Medicaid is a good public policy.



# FLORIDA DEPARTMENT OF MANAGEMENT SERVICES



JEB BUSH  
Governor

ROBERT H. HOSAY  
Interim-Secretary

## Medicaid Reform ADA Working Group Position Paper February 10, 2005

On January 11, 2005 Governor Jeb Bush announced his plan to reform the State's Medicaid program. The impact of these reforms on individuals with disabilities is not fully known.

According to the Frequently Asked Questions on [www.empoweredcare.com](http://www.empoweredcare.com), the Medicaid reform website, the following may change as a result of the reform efforts:

- The new system will empower participants with real choice over their health care coverage.
- Medicaid will move away from the complex, government-centered model that promises unlimited benefits but breeds obstacles to access through excessive regulations and payment restrictions.
- Instead, participants will be offered several options for obtaining coverage or directly accessing services.
- Their choices may include managed care organizations or other insurance, as well as provider service networks or community systems of care.

The ADA Working Group believes that reform of the Medicaid system must be based on the principles of the Olmstead decision. Accordingly:

- Systemic changes must be accomplished for all disability groups; equity in services should be a primary goal.
- Individuals with disabilities must be meaningfully involved in the development of new systems.
- The new system must have, as its first priority, the provision of services for individuals in the most inclusive setting, rather than perpetuating the institutional bias of the current system.

Linda Mills, Chairperson • Julie M. Shaw, Executive Director  
Americans with Disabilities Act Working Group • 4030 Esplanade Way, Suite 315, Tallahassee, Florida 32399-0950  
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- Money must be allowed to follow the person out of institutions. Every person who expressed a desire to live outside a nursing home in the Minimum Data Set (MDS) survey should be offered the opportunity to transition into the community. Individuals in other institutional settings of any size (mental health institutions, developmental institutions, Intermediate Care Facilities, Assisted Living Facilities, group homes, etc.) should also be given the opportunity to express their desire to live in a more inclusive setting with supports and services. The money should also follow those individuals into the community.
- Transition services (one time costs for security deposits, utility deposits, furniture, household items) must be included in all waivers to assure that individuals with disabilities have the comprehensive services they need to successfully transition from unnecessarily restrictive environments to the community.
- Individuals with disabilities must have the opportunity to make informed decisions about the specific types of services they need, not just the opportunity to choose between coverage plans. Informed choice must be based on complete, accurate information about all the services potentially available to the individuals and how those services would be coordinated to maximize the potential for success.
- Community-based services provided using a managed care model must include untraditional non-medical services that address all of the needs of individuals living in the community, such as housing, transportation and other supports and services. A system designed around a medical model is inadequate.
- Existing grassroots networks of untraditional, non-medical service providers must be accessible through the plans.
- A "Close the Front Door" policy should be adopted. Before anyone enters a nursing home, or other congregate setting, the person should be given the opportunity to make a meaningful, informed choice to remain in the community with adequate supports and services.
- The entire process of Medicaid reform must accommodate the needs of individuals with all types of disabilities. For instance: Web based information must be accessible under Section 508 accessible electronic information technology standards; the process for gathering public input must be accessible; consumer education about available plans and services must be done in a manner that meets the needs of all people with disabilities; print materials must be available in alternative formats; applications and other information must be conveyed in a manner that meets the specialized needs of individuals with cognitive disabilities. Provider selection must include strict criteria to assure that service providers accommodate the disabilities of their customers. To be approved, a provider must commit to making sign language interpreters and other auxiliary aids and services available for appointments.
- The scope of services offered by providers must meet the needs of individuals with disabilities, including but not limited to, habilitation services for children with disabilities; hearing services and the purchase of hearing aids; dental and vision services for adults; comprehensive mental health services; and, coverage for medications and equipment. Contracts with providers must include requirements for the provision of Web based information that is accessible under Section 508 accessible electronic information technology standards. Individuals with disabilities sometimes require longer

appointments to address more complex needs; incentives should be provided to promote opportunities for providers to meet these needs.

- Mechanisms must be included to assure that high quality services are available. Individuals with physical, sensory, cognitive and psychiatric disabilities have complex needs that must be addressed by a wide array of services. If there are service gaps, or if services are low quality, the goals of Medicaid reform will not be met, and more expensive services will be required to address the resulting crisis.

Secretary of Health and Human Services Mike Leavitt has set the ultimate standard for Medicaid reform efforts. In a February 1, 2005, speech entitled "Medicaid: A Time to Act," the Secretary said:

Providing the care that lets people live at home if they want is less expensive than providing nursing home care. It frees up resources that can help other people. And obviously, many people are happier living at home.

Medicaid reform presents an opportunity to break away from historic biases that keep people with disabilities needlessly institutionalized. Stakeholders should seize the opportunity to follow the Secretary's instructions by simplifying and improving community based services for all Floridians with disabilities.



# FLORIDA DEPARTMENT OF MANAGEMENT SERVICES



JEB BUSH  
Governor

ROBERT H. HOSAY  
Interim-Secretary

## Federal Initiatives for Consideration in Florida's Medicaid Reform

### ADA Working Group Position Paper February 10, 2005

The President's budget for 2006 includes initiatives that should be adopted and/or considered as Florida proceeds with Medicaid reform efforts<sup>1</sup>. These initiatives are part of the President's New Freedom Initiative, the goal of which is to promote inclusion of individuals with disabilities in the community.

Specifically, the proposed initiatives include the following:

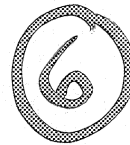
- "Money Follows the Person": Under the proposed "Money Follows the Person" demonstration, Federal grant funds would pay 100 percent, for the first year, for home and community-based waiver services for individuals who move from institutions into at-home care. As a condition of receiving the 100 percent federal match, the participating state would agree to continue care after the first year at the regular Medicaid matching rate and to reduce institutional long-term care. Creating mechanisms for funding community-based services is critical to successful programs that transition people from institutions to the community.
- Home and Community-Based Care Demonstrations: The Budget includes three demonstration proposals to encourage home and community-based care for children and adults with disabilities:
  1. Community Alternative to Children's Residential Treatment Facilities: This demonstration enables states to offer home and community-based services to children who would otherwise be served in psychiatric residential treatment facilities. This would permit the delivery of intensive mental health services for children in their homes and communities and allow the U.S. Department of Health and Human Services (HHS) to evaluate the cost of providing these services outside of institutions.
  2. Respite for Caregivers of Disabled Adults: This proposal creates a demonstration that tests whether respite care, or temporary care, reduces primary caregiver "burn-out" that often leads to institutionalization of individuals with disabilities.

<sup>1</sup> The President's budget proposal for HHS can be accessed from the HHS website at: <http://www.hhs.gov/budget/docbudget.htm>. Information about the New Freedom Initiative can be found at <http://www.cms.hhs.gov/newfreedom/>.

3. **Respite for Caregivers of Children with a Substantial Disability:** This demonstration allows states to provide respite care to caregivers of children with substantial disabilities. The demonstration would enable the Department to collect specific data about the cost and utilization of respite services for caregivers of disabled children.

- **Spousal Exemption:** This proposal protects Medicaid coverage of an individual married to an individual with a disability participating in a work incentive program under the Social Security Act. Currently, if an individual is Medicaid eligible and the individual's spouse participates in the program, the spouse's earnings could cause the individual to lose his/her Medicaid coverage.
- **Presumptive Eligibility:** Establishes a state Medicaid option allowing presumptive eligibility for institutionally-qualified individuals who are discharged from hospitals into the community. This will increase the number of Medicaid beneficiaries who receive home and community-based services rather than institutional care. This proposal has no cost associated with it. Streamlining the eligibility process will enable individuals to avoid unnecessary institutionalization while they wait to be determined eligible for Medicaid.

If implemented in Florida, these initiatives will give people with disabilities and their caregivers supports and services needed for successful community inclusion.



February 25, 2005

Members of the Select Committee on Medicaid Reform:

Thank you for the opportunity to provide comments today regarding proposed Medicaid Reform.

I am the Executive Director of NAMI Florida, which is the voice of mental illness for the citizens of this state that must live with severe mental illnesses and brain disorders. I am speaking to you today on behalf of the mentally ill, their families and supporters. I believe you have heard from several of my colleagues and from those we represent in previous public hearings. You have seen and heard from those who are very successfully living with their medical condition, are contributing members of society, and respected members of their communities. You have also heard them express concerns and even fear that a reform of Medicaid that would include restricted availability of medications for mental illness would have significant, negative and life changing results for many, many of the mentally ill in Florida.

I want to provide you with the magnitude of that concern with my testimony today.

- Approximately 3% of adults have conditions we call severe mental illness. Florida has three times that amount, or approximately 9% - well over one million of our adult citizens. Add the children and the number can swell to over 1.5 million.
- Approximately 55% are trying to live on less than \$10,000 per year.
- More than one-half were hospitalized last year.
- More than 50% have been arrested or detained by police.
- Yet, approximately 68% have some college or a full degree – 15% have a graduate degree. These are capable people when proper care is provided.

Virtually all with a severe mental illness receive medication, many need three or four drugs to manage their condition, and as new and better treatments have become available, the recovery rate and restoration to full functioning is remarkable, allowing many to become self-sufficient, not in need of state support and Medicaid dollars. It is thus very important to note that early detection and evidence-based treatment is critical to recovery, and the brain is protected from further harm. The chances of becoming full functioning citizens of the state are exponentially increased with the right and early treatment. A fully functioning citizen is employed, paying taxes, supporting the community, helping their neighbors, and a supportive family member.

If we as a state truly want to contain the Medicaid budget and by the way, work to assure that those with a mental illness have the same opportunities as the rest of us, the best way to do that is to make sure that mental health consumers get the right pharmaceutical and psychiatric treatment as early in the process as possible. The appropriate care for the mentally ill, delivered on a timely and individually appropriate basis is likely to remove thousands from the Medicaid roles as these individuals become employed, and in the interim will save Medicaid the more expensive emergency room or hospitalization that often results from improper treatment. It will also reduce the costs to the criminal justice system, and reduce the suicide rate, all goals that are winning goals for everyone.



We urge this committee to make sure that any reform contains a requirement for early and individually based care of the mentally ill, to assure the long term cost savings that such treatment will produce, and to make Florida a better place for those with these biologically based brain disorders that we represent. That means that a formulary or medication mandates that only permit two medications per condition, that limit medications to cheaper and older, less effective drugs, that limit access to care, will only exacerbate the problem for our citizens with a mental illness, and increase the costs to the state.

We will be pleased to provide you with additional information at any time. Thank you for your time today.

Kindest regards,

Susanne F. Homant  
Executive Director



*Comments presented at Joint Public Hearing on Medicaid Reform, February 25, 2005*

Cindy Lavoie, Vice-president

Interim Healthcare of NorthWest FL, Inc.

Tallahassee, Marianna, Panama City, Fort Walton Beach, and Pensacola

“ For the past sixteen years, I have owned and operated five Medicaid certified home health agencies in the Florida Panhandle. In 2004, between the Tallahassee, Marianna, Panama City, Fort Walton Beach, and Pensacola locations, we employed 648 caregivers-nurses, therapist, home health aides, certified nursing assistants, homemakers and companions. We serviced over 1000 patients. Currently, my business mix varies by office location, but approximately 3% are traditional Medicaid, 12% are pediatric Medicaid waiver, and 30% are Home and Community Based Services Medicaid waiver patients.

Traditional Medicaid is a bust for patients trying to access home health care services. In these sixteen years, Medicaid reimbursement has never increased, but sustained three cuts. I CAN NOT pay staff, particularly Home Health Aides who provide necessary ADLs to the most frail, elderly, and underprivileged patients in our community adequately for their caregiving skills. Staff flat out refuse to see traditional Medicaid recipients, solely based on the very low pay rates we are forced to offer them after other regulatory direct and indirect costs, especially Worker’s Compensation, are accounted. Combine that with the ruralness of these 18 counties and the distances they travel – gas alone can equal half their pay.

My HCBS business has grown significantly over the past four years. But I see the same dangerous road being followed. Sixteen years ago, traditional Medicaid was as high as 20% of my business, now down to 3% at best. Correlating with the decreasing reimbursement, caregivers stopped seeing the patients. I personally watched as former home health Medicaid patients were transferred to Skilled Nursing Facilities (SNF).

With the onset of HCBS programs, the migration to SNFs slowed, at a huge cost savings to the state. You NEED to see the patients our caregivers see. They can’t come to this or any other public hearing. It is common for our caregivers to be the only people these patients see for days at a time. HCBS services are vital to our communities, keeping people in their homes much longer, and stretching state Medicaid dollars. However, we have already begun traveling the same road as traditional Medicaid. Funding that does not grow, or is shrinking, is starting to be felt at the staff caregiver level. If HCBS services are not funded, the road leads right back into the SNFs for these patients and residents of our communities.

In any Medicaid reform initiatives, home and community based waiver programs must be funded. Caregivers need to be paid fairly for their skills, in a legitimate work

environment where they receive basic benefits and coverages such as workers compensation. HCBS save our state money. Secondly, which should be primarily in an ideal state, they keep Florida residents in their own homes. Medicaid reform should promote, expand, and generously fund HCBS.

Thank You”

The Florida Legislature  
Senate Select Committee on Medicaid Reform  
House Select Committee on Medicaid Modernization  
Public Hearing Comment Form



Florida's Medicaid program provides health care services for low-income, elderly, and disabled persons. The program currently covers over 2 million Floridians. The concern is that the state expenditures for the Medicaid program are growing faster than the state's revenue growth. In 2004-05, Medicaid expenditures are approximately \$14.4 billion (24% of the entire state budget) and are projected to more than double to \$36 billion by 2015. As the program continues to grow rapidly, it leaves fewer dollars available for other public needs like education and transportation.

The purpose of this public hearing is to gather information from Medicaid recipients, health care providers, and other interested parties who may be affected by changes to Florida's Medicaid program. We need your ideas on how to reduce the rapid growth in Medicaid expenditures while continuing to provide needed services to Florida's low-income, elderly, and disabled. The Committees will also accept any comments you may have on the Governor's proposal to reform Medicaid.

Please use this form if you would like to provide information to the Committees, but do not want to speak during the public hearings. All forms will be made available to the Committee members for their review. If you wish to submit written comments, please send or e-mail to the address below:

Senate Committee on Health Care  
530 Knott Building  
404 South Monroe Street  
Tallahassee, FL 32399-1100  
E-mail: [Medicaid.Reform@fl.senate.gov](mailto:Medicaid.Reform@fl.senate.gov)

Name:

Annjela (Angela) Posnansky

Association:

Independent provider with United Therapy Services  
in Panama City, FL

Independent Office  
Address:

8777 Tower Rd  
Panama City, FL 32404

(Please use the front and back of this sheet to provide your information.)

Private insurers frequently exclude therapy  
and intervention services unless the need for those  
services is associated with a specific event such as  
a head injury from a car accident or an acquired disease

The Governor's plan proposes to use private  
insurers to provide services to Medicaid recipients.

This would result in children being denied  
access to rehabilitative services.

→  
OVER  
→

Language therapy services have provided the opportunity for language impaired children to make tremendous gains in language abilities offering greater readiness for entrance to school and greater success in school. Speech therapy services have allowed children to overcome the frustration and anger associated with not speaking clearly and communicating effectively.

The beneficial outcomes of speech and language therapy are highly correlated with academic success, the ability to lead productive lives.

Optimum time for therapy to be truly successful is from birth to 12 years. This is the most critical development period of a child's life during which the foundations for language, cognitive function, interpersonal skills, and motor abilities are established.

If the opportunity to provide effective intervention is missed, functional gains are more difficult to achieve and greater intensity of services would be necessary.



# Medicaid Reform

## Status of Pharmacy Services in Florida

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Michael Jackson, R.Ph  
Executive Vice President  
Florida Pharmacy Association



# 2002 Nationwide Study of Independent Pharmacy

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- Average location dispenses 54,427 prescriptions annually<sup>1</sup>
- 90% of annual sales were attributed to prescriptions<sup>1</sup>
- Gross profit has declined over the last 10 years<sup>1</sup>
- 80 percent of Rx's are third party<sup>1</sup>
- 25% of third party prescriptions filled by independents nationwide are paid for by Medicaid<sup>1</sup>
- 14% of third party prescriptions filled by all pharmacies in Florida are paid for by Medicaid<sup>2</sup>

1: NCPA-Pfizer Digest 2003

2: Chain Industry Profile 2003



## Average Pharmacy

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	2000	2001	2002
Rx Sales	85.3%	84.2%	89.4%
Non-Rx Sales	14.7%	15.8%	10.6%
Total Sales	100%	100%	100%

2003 NCPA-Pfizer Digest



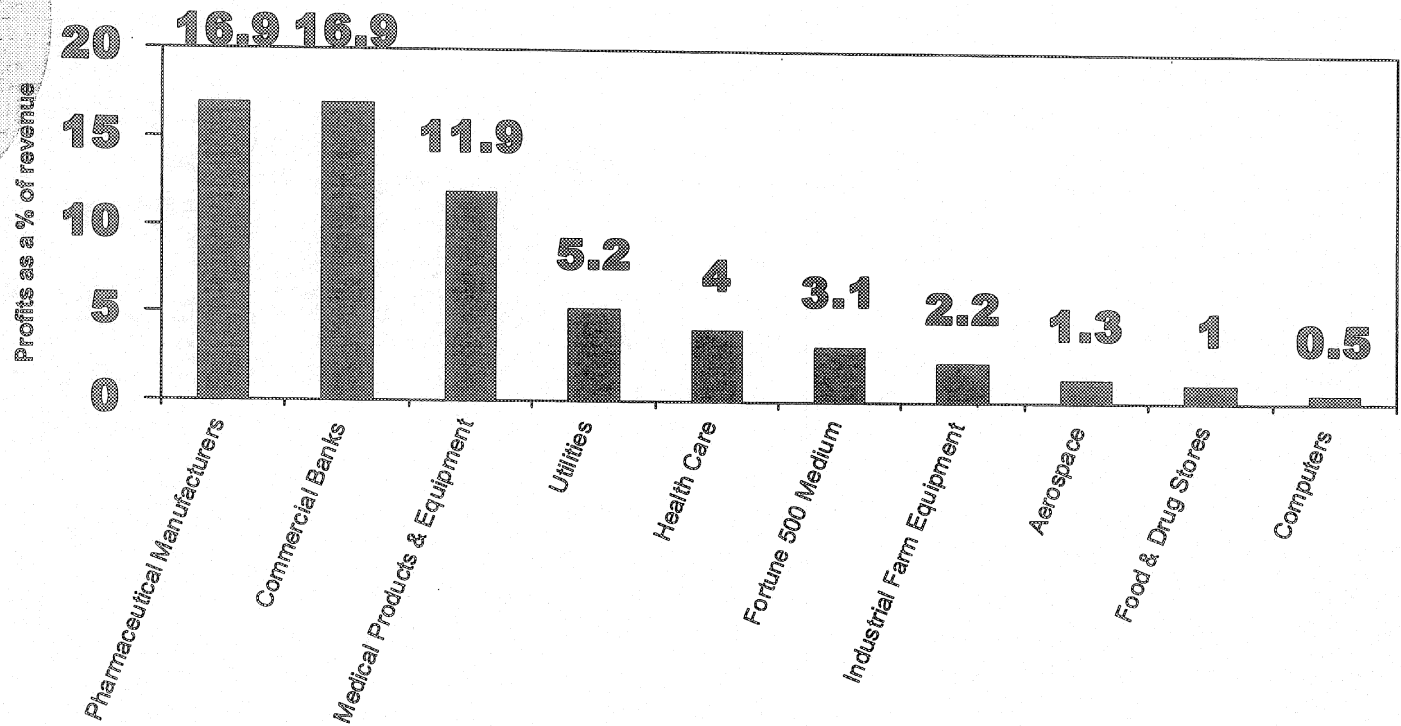
## Cost of Dispensing Prescriptions to Florida Medicaid Recipients

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<b>Year</b>	<b>Inflation Rate</b>	<b>HCFA Study</b>	<b>Florida Study</b>
<b>1990</b>	<b>6.11%</b>	<b>\$5.48</b>	<b>N/A</b>
<b>1991</b>	<b>3.06%</b>	<b>\$5.65</b>	<b>\$5.87</b>
<b>1992</b>	<b>2.90%</b>	<b>\$5.81</b>	<b>\$6.04</b>
<b>1993</b>	<b>2.75%</b>	<b>\$5.97</b>	<b>\$6.21</b>
<b>1994</b>	<b>2.67%</b>	<b>\$6.13</b>	<b>\$6.38</b>
<b>1995</b>	<b>2.54%</b>	<b>\$6.29</b>	<b>\$6.54</b>
<b>1996</b>	<b>3.32%</b>	<b>\$6.50</b>	<b>\$6.76</b>

Case # 497CV322RH – FPA vs Cook

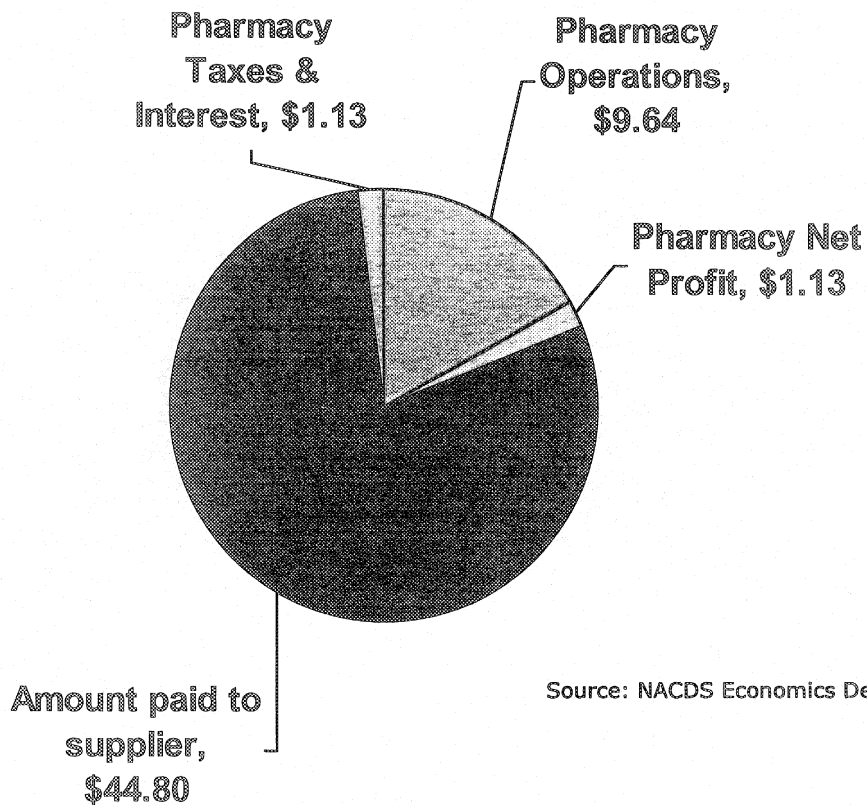
## Community Pharmacy Profits vs other Industries



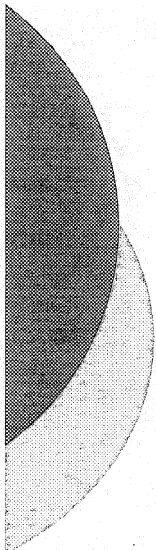
# National Medicaid Rx Component

## Average Rx Price: \$56.70

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Source: NACDS Economics Department



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According to the 2003 NACDS Chain Industry Profile the estimated cost to dispense a prescription in Florida is \$7.24



## New and existing Medicaid Policy that contribute to dispensing costs

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- 4 Brand Cap
- Prior authorization
- Recipient lock in
- Co-Insurance (suspended subject to reinstatement)
- Claims processing fees
- Medically needy program
- Counterfeit proof prescription blanks
- HIPAA Conversions
- Prepayment reviews

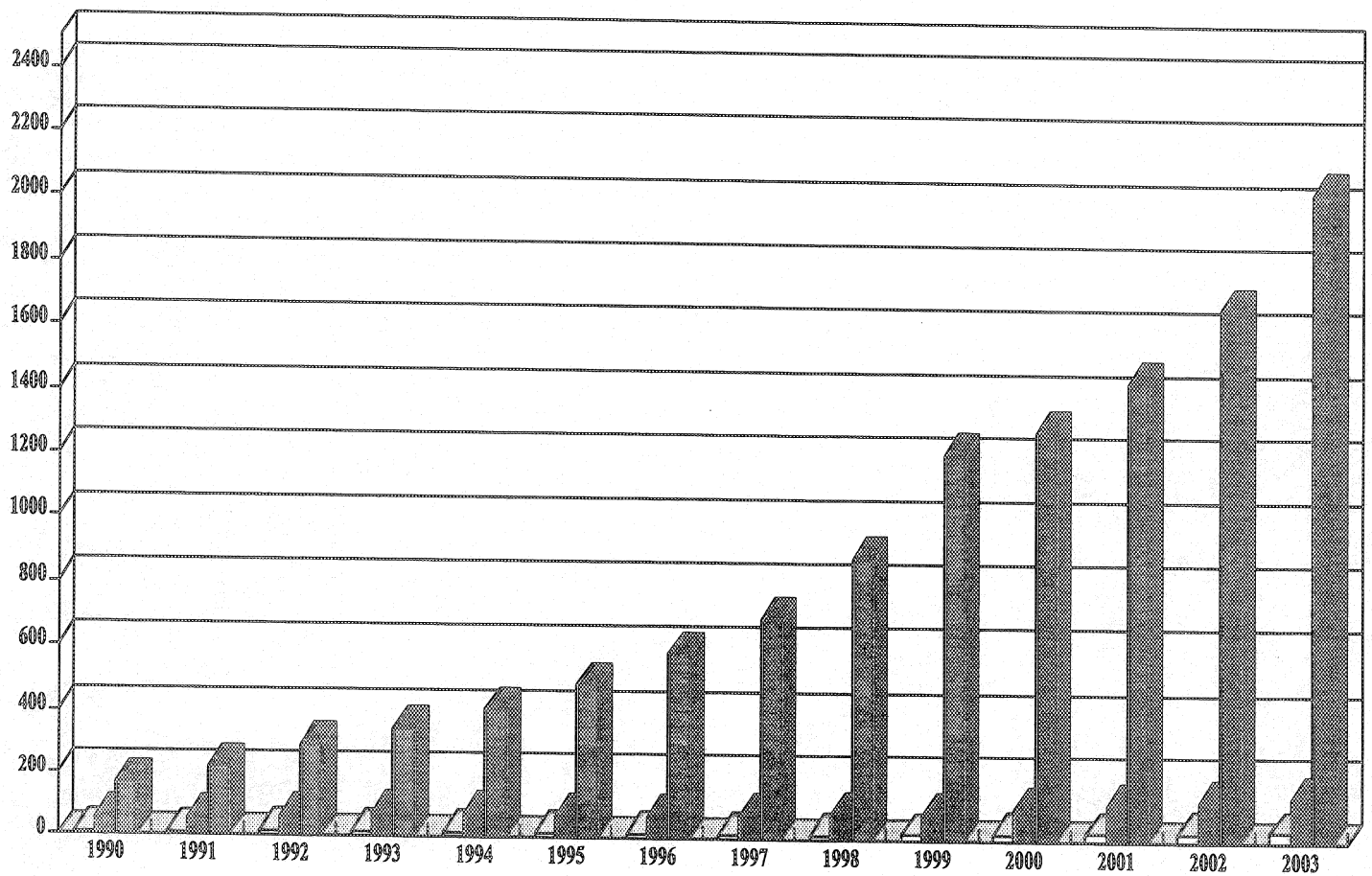
## Is Managed Care the Answer to the Increased cost of Medicaid?

In addition to my responsibilities as administrator of our professional organization I have the responsibility of finding and providing health insurance coverage for our employees.

I sampled the premiums that we paid for one of our employees and discovered that the costs have increased 35% from 2002 with no enhancement or change in benefit structure. This appears to be consistent with all of our employees.

These increases in rates appear to be consistent with the increased cost of the Medicaid program. I suspect that the state will need to examine whether or not savings could be realized through managed care programs when increased costs and unpredictability are difficult to achieve even in the private sector.

# Cost of Medicaid Drug Program



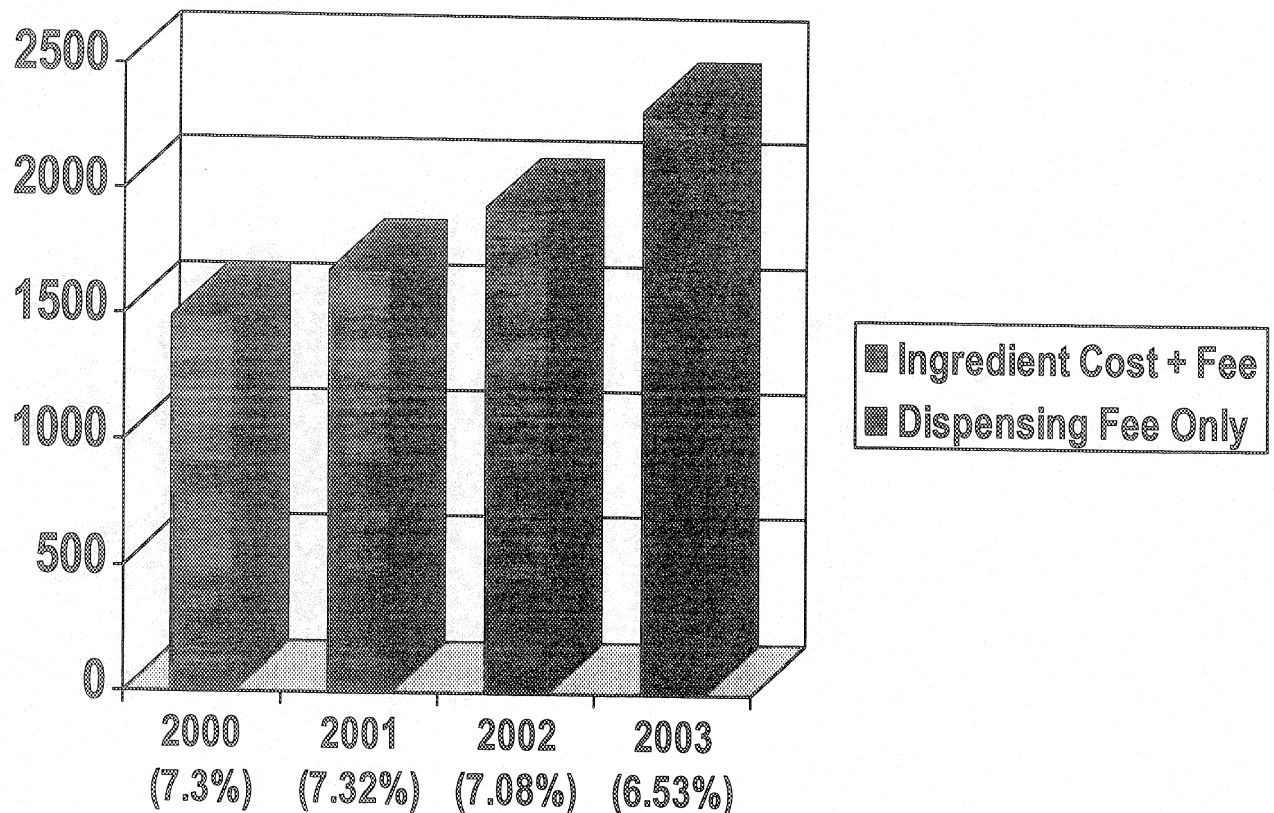
□ #Rx's in Millions

■ Rx Fees in Millions

■ Ingredient Cost

# Medicaid Fees Paid to Pharmacy Providers as a % of Total

Millions



## Medicaid Reform – A Pharmacist Perspective

- ⬇ **Patient Education** – Medicaid patients enrolled in a managed care system of health services will need continuous guidance and support to understand how their benefits will change underneath them. They will be relying on their community pharmacist to help them through the complications of tiered benefits, how their benefit selection will affect their services and what happens when their benefits have been exhausted. This will be an administrative burden that pharmacists will be carrying even with anticipated reimbursement reduction.
- ⬇ **Closed Pharmacy Networks** – It is important for the legislature to know that some managed care provider networks are closed and may not allow all community pharmacies to service Medicaid patients. There is no evidence to show that closed pharmacy networks result in lower costs, better care or improved outcomes. This could be especially important for patients under treatment for complex medical conditions requiring intensive monitoring by pharmacists that are familiar with the patient's drug therapy management history.
- ⬇ **Impact on Family Pharmacies** – Small independently owned pharmacies are especially vulnerable to changes in Medicaid policy. Most of these pharmacies are located in underserved areas of the state where many Medicaid patients live. They tend to have a significantly higher percentage of Medicaid patients than do other community pharmacies. Some of these pharmacies offer specialized services such as prescription delivery, disease management and health screenings. Many of these services are provided without compensation as a value added benefit to the Medicaid program.
- ⬇ **Benefit Design** – The affected state agency relying on managed care entities will need to monitor very closely the implementation of benefits for Medicaid patients. Patients who are developmentally disabled, the very young and pregnant women are least likely able to manage their care properly. They should not be allowed to fall through the cracks because of their high medical costs.
- ⬇ **Drug Therapy Management** – Reform of the Medicaid program must include a component for drug therapy management by pharmacists. National studies have demonstrated the value of pharmacy services through improved compliance and lower overall health care costs. Drug utilization has increased in the Medicaid program most likely due to uncoordinated drug therapy management. Congress has recognized this by inserting a drug therapy management requirement in the Medicare Modernization Act. Medicaid reform efforts should require coordinated care programs to include pharmacist managed quality related events reviews similar to the recently expanded statewide project that began in the four counties of Hillsborough, Pasco, Pinellas and Polk. There are no other state programs that we are aware of which use the training and drug therapy management expertise of Florida's licensed pharmacists.